श्री सभापति : आप बैठ जाइए।

SHRI C.P. JOSHI: Sir, we have already issued the notification saying that they will be paid from 1st April, 2009. Rupees Hundred will be given to all those States who have recommended Rs.100. There are a few States which have not recommended up to Rs.100. One of the States is West Bengal. They have not requested for Rs.100. *(Interruptions)*...

SHRIMATI BRINDA KARAT: Sir, that is very wrong. You have not released the earlier request from West Bengal Government. If you recall, in January, they have made a request. *(Interruptions)*...

MR. CHAIRMAN: Please, you can't ask supplementaries like this. *(Interruptions)*... Mrs. Karat, please resume your seat. *(Interruptions)*... This is not your question. *(Interruptions)*... This is not your question. *(Interruptions)*... Mrs. Karat, I am sorry. *(Interruptions)*... I am sorry that there will be no interventions when supplementaries are being asked. *(Interruptions)*...

SHRI C.P. JOSHI: They want to pay Rs.87. We are ready to pay Rs.100. *(Interruptions)*... Therefore, we are saying it. *(Interruptions)*... Till today the West Bengal Government did not demand Rs.100. *(Interruptions)*...

MR. CHAIRMAN: Mrs. Karat, this is not your question. *(Interruptions)*...

SHRI C.P. JOSHI: Till today the West Bengal Government demanded only Rs.87. We are ready to pay Rs.100. *(Interruptions)*... You are not paying Rs.100. That is the issue. *(Interruptions)*...

SHRI PRASANTA CHATTERJEE: That was earlier. *(Interruptions)*...

MR. CHAIRMAN: If the answer is incorrect, there are procedures for pointing out that. Shri Rajeev Shukla.

श्री राजीव शुक्ल : धन्यवाद सभापति जी। मैं माननीय मंत्री जी से जानना चाहता हूं कि एक तो scope of work खुदाई से और कौन-कौन क्षेत्रों में चला गया है ? इसके scope of work का विवरण इसमें विस्तार नहीं दिया गया है। दूसरी बात यह है कि एक जवाहर रोजगार योजना होती थी, जो राजीव गांधी जी के जमाने में लांच की गई थी और वह बहुत सफल रही थी। वह जवाहर रोजगार योजना कहां पर है, "नरेगा" की वजह से उसकी कहीं पर चर्चा नहीं होती है। मैं माननीय मंत्री जी से जानना चाहता हूं कि क्या जवाहर रोजगार योजना का विलय "नरेगा" में कर दिया गया है या यह योजना अभी है ? अगर है, तो कितना पैसा जवाहर रोजगार योजना के लिए स्वीकृत होता है ?

श्री सी0पी0 जोशी : सभापति महोदय, यह अलग से प्रश्न है। फिर भी, मैं माननीय सदस्य को जानकारी देना चाहता हूं कि नेशनल रूरल एम्पलाईमेंट स्कीम के अंतर्गत वह योजना समाहित हो गई है।

Mandatory Reporting of Large Case Transactions by Banks

*363. SHRI S.S. AHLUWALIA:††
SHRI BRIJ BHUSHAN TIWARI:

Will the Minister of FINANCE be pleased to state:

††The question was actually asked on the floor of the House by Shri S.S. Ahluwalia.

(a) whether it is mandatory for banks to report large cash transactions to the Reserve Bank of India (RBI) or surveillance departments of Government, e.g. Financial Intelligence Unit (FIU) etc.;

(b) the details of such reporting requirements;

(c) whether Government has been seized of the media reports about huge cash deposits detected during the on-going probe by Income Tax/Enforcement Directorate etc. into transactions linked to a former Chief Minister of Jharkhand and other, made in certain PSU banks;

(d) if so, the details thereof indicating whether the authorities of the concerned banks did or did not comply with the requirements; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) and (b) Yes Sir. In terms of the statutory provisions contained in the Prevention of Money Laundering Act, 2002 and Rules framed thereunder, the Reserve Bank of India (RBI) has issued guidelines requiring the banks to submit Cash Transactions Reports (CTRs), Suspicious Transactions Reports (STRs) and Counterfeit Currency Reports (CCRs) to the Financial Intelligence Unit-India (FIU-IND) in the specified formats at specified intervals. During the year 2008-09, FIU-IND received a total of 55.11 lakh CTRs including 31.08 lakh CTRs from the public sector banks.

(c) to (e) Yes, Sir. In view of large value cash transactions, the Income Tax authorities identified two accounts, namely, M/s Balaji Bullion Bazar and M/s Balaji Bullion Corporation of Zaveri Bazar, Mumbai branch of the Union Bank of India (UBI). UBI has informed the Government that in compliance with the extant instructions/guidelines, it has been submitting the requisite CTRs to FIU-IND including the large value cash transaction undertaken through these accounts. RBI has also undertaken a scrutiny of these accounts. In its initial scrutiny, RBI has observed certain weaknesses in the implementation of extant anti-money laundering guidelines and detection of suspicious transactions. UBI has, in the interim, placed the then Branch Manager under suspension for poor control of the affairs at the Branch.

श्री एस0एस0 अहलुवालिया : सभापति महोदय, माननीय मंत्री जी ने अपने जवाब में बताया है कि M/s Balaji Bullion Bazar and M/s Balaji Bullion Corporation of Zaveri Bazar, Mumbai branch of the Union Bank of India में कैश ट्रांजेक्शन होते रहे और फिर आरबीआई ने वहां पर ऑब्जर्व किया कि वहां सरटेन वीकनेसिस हैं। मैं माननीय मंत्री महोदय से जानना चाहूंगा कि क M/s Balaji Bullion Bazar and M/s Balaji Bullion Corporation of Zaveri Bazar में इन्होंने अकाउंट खोला। आपकी आरबीआई की गाइड लाइन्स हैं कि अगर किसी भी एकाउंट में, कहीं दस लाख रुपये से ज्यादा का ट्रांजेक्शन होता है..। तो इनकम

टैक्स डिपार्टमेंट को इन्फॉर्म करना है। हो सकता है कि उसमें कैटेगिरी हो कि डिफरेंट-डिफरेंट बिजनेस में आगे लिख देना कि इनकी कैश ट्रांजेक्शन होती है। हो सकता है कि जो बुलियन का बिजनेस करते हो, उनमें हैवी ट्रांजेक्शन होती है, वह भी रिमार्क बैंक वाले देते होंगे, परंतु आर.बी.आई. ने इसको कब पकड़ा? जब इनकम टैक्स डिपार्टमेंट और ई.डी. ने जो इन्वेस्टिगेशन झारखंड में शुरू हुई थी, उससे वे जब मुंबई पहुंचे, तब पकड़ा या आर.बी.आई. के कहने पर इनकम टैक्स डिपार्टमेंट और ई.डी. ने कार्यवाही शुरू की?

SHRI PRANAB MUKHERJEE: Sir, this is a regular practice. Whenever certain transactions are beyond threshold level, beyond Rs. 10 lakhs, as the hon. Member has rightly pointed out, then they are to report. There are three types of reports, that is, Cash transactions Reports, Suspicious Transactions Reports and if, sometimes, it comes to their knowledge that these particular transactions may lead to some sort of terrorist activity, then they are to report. This is a regular practice as per Section 12 of the Prevention of Money Laundering Act which was passed by this House and the other House in 2002. As per the provisions of this Act, this is an obligation of banks and financial institutions. Each and every bank reports it to the Financial Intelligence Unit of India which is administered by the Taxation Department, the Revenue Department of the Government of India. In these cases also those reports were made. It was, obviously, as the hon. Member has correctly pointed out, done after the investigation was initiated by the Income Tax Department. In the course of investigation, certain information comes and they act on that information. So, they took these actions. The Reserve Bank of India's findings, which are the defects, are of technical nature. It is not that the bank concerned did not report. The Reserve Bank of India has issued guidelines, master guidelines and other guidelines. So it is the job and responsibility of the Reserve Bank of India, in the course of inspection, to see whether those instructions issued in the Master Circulars are being complied with and whenever it is found that they are not complied with, appropriate measure are being taken.

SHRI S. S. AHLUWALIA: Sir, the Minister is informing the House that the FIU acts on the basis of CTRs, STRs and CCRs. My point is the RBI is the custodian of 'KYC'. There is a Master Guideline to all the banks on 'Know Your Customer'. That is to stop the terrorist account, the smuggler's account and the hawala account, and everything. The ED was aware. They were well aware that the same group, the Balaji Group of Co., in the name of Balaji Universal Trade, were already behind the hawala trade, $ 110 million hawala trade, with a cartel based in Dubai. Despite that these accounts were opened. From 2006 to 2008, around Rs. 640 crores were deposited in the two accounts. Through the KYC, why wasn't it detected by the RBI and the FIU?

SHRI PRANAB MUKHERJEE: Sir, KYC is a totally different concept. KYC is not an investigating agency. KYC is a norm which the bank has to follow, 'Know Your Customer'. That is all. *(Interruptions)*.

SHRI S.S. AHLUWALIA: If I am blacklisted, then, how can I open an account?

SHRI PRANAB MUKHERJEE: I am answering the supplementary. If you have more information and if you want to take the role of replying to the supplementaries, you are free to do so.

श्री एस.एस. अहलुवालिया : सर, आप नाराज मत होइए।

श्री प्रणब मुखर्जी : नाराज होने का सवाल नहीं है, सवाल यह है कि 'Know Your Customer'. Political parties, sometimes, issue a circular, 'Know Your Congressmen'. As a Congressman, I have issued such a circular. Therefore, it is a normal banking practice that when banks enter into financial transactions, they should know the customers; they should know whether entering into financial transactions with the customer is safe or not. The KYC is not an investigating agency. The investigating agencies, here, are the Enforcement Directorate, Income Tax Department, CBI, I.B., Narcotics Division, etc. So many Series of investigative agencies are there. As I have mentioned, under Section 12 of the Prevention of the Money Laundering Act, certain applications have been entrusted to the banks stating that if they notice certain transactions which are being done beyond the threshold level, — it may happen on one occasion, or, it may happen repeatedly; there may be recurrences —, they should report to the Intelligence Unit of the Income-Tax Department. Thereafter, they will disseminate the information to the various authorities, that is, the investigative agencies.

MR. CHAIRMAN: Shri Brij Bhushan Tiwari...*(Interruptions)*

SHRI S.S. AHLUWALIA: It is not so simple...*(Interruptions)* My point is simple...

MR. CHAIRMAN: Your supplementary is over...*(Interruptions)*

SHRI S.S. AHLUWALIA: If somebody's name is on alert, then, how can he open his account?

MR. CHAIRMAN: Please,...*(Interruptions)* अहलुवालिया जी, आपका सवाल खत्म हो गया।

श्री बृजभूषण तिवारी : सभापति महोदय, इतनी बड़ी राशि बैंक के खातों में जमा की गई और माननीय मंत्री जी ने अपने उत्तर में स्वयं इस बात को स्वीकार किया कि आयकर विभाग की जाँच के बाद ही आरबीआई हरकत में आई। मैं माननीय मंत्री जी से यह पूछना चाहता हूँ कि जैसा Prevention of Money Laundering Act, 2002 में यह विधान है कि FIU की रिपोर्ट केन्द्रीय प्रत्यक्ष कर बोर्ड को भी दी जानी चाहिए, तो यूबीआई ने सरकार और केन्द्रीय प्रत्यक्ष कर बोर्ड को इसकी सूचना रुपए जमा होने के कितने समय बाद दी, उस पर क्या कार्रवाई हुई, रुपए कितने थे और उसकी अद्यतन स्थिति (update), आज तक उसकी क्या प्रगति हुई है?

SHRI PRANAB MUKHERJEE: Sir, it is not possible to disclose the entire stages of investigation on the floor of the House. The investigation is still on. But this is the normal practice, and these agencies are being informed by the intelligence unit about the information which has been disseminated, which it has received from the concerned banks and financial institutions. These agencies are the Directorate of Enforcement, CBDT, Central Board of Excise and Customs, Narcotics Control Bureau, Ministry of Home Affairs, Ministry of Company Affairs, Central Bureau of Investigation (CBI), RBI, State Governments, Securities and Exchange Board of India (SEBI), and the Insurance Regulatory and Development Authority of India. Therefore,

this dissemination of information takes place. In this particular case, the investigation process is still going on, and in the interest of the investigation to take its logical conclusion, it will not be proper to discuss all these things, though it will be discussed in the court after the investigation is completed.

श्री प्रकाश जावडेकर: सर, मुझे अनुभव है कि बैंक में जब कैश इतनी बड़ी मात्रा में आता है, तो उसका क्या प्रोसीजर होता है। ऐसे में केवल खबर ही नहीं करनी होती है और केवल बैंक मैनेजर को सस्पैंड करके ही यह कार्यवाही समाप्त नहीं हो सकती है। जब इतनी बड़ी राशि आती है, तब डेली वह अपने हैड ऑफिस को या जहां पर वह ब्रांच कैश सब्मिट करती है, वहां रिपोर्ट देती है। एक ब्रांच से अगर 50 लाख रुपये सप्ताह वहां जमा हो रहे हैं और अचानक करोड़ों करोड़ रुपये आने लगें, तो large cash transactions are traced at all levels.

श्री सभापति: आप सवाल पूछिए

श्री प्रकाश जावडेकर: मेरा सवाल यह है कि केवल बैंक मैनेजर को दोषी करार देना बहुत अपर्याप्त है। इसके लिए बैंक के हर लैवल पर, यानी Divisional level पर या Assistance Manager level पर, जहां इस सबकी पूरी रिपोर्ट होती है, वहां पर आज तक कुछ कार्यवाही क्यों नहीं की गई है।

SHRI PRANAB MUKHERJEE: Sir, suspension is a step to take further action; suspension is not a dispensation of the entire procedure. The immediate person who was involved in it — and the hon. Member is right that certain levels of transactions are not only to be reported to the Intelligence unit, but are to be reported as per the bank's normal practice to their higher authorities. And there were certain deficiencies. That is why, when it was found in investigation that, *prima facie*, this officer may be involved — he was the then Branch Manager; presently he is in a higher position — he was suspended because of certain deficiencies that occurred at that point of time. And after the investigation by the branch — this investigation is different from that of the Income Tax — as to what were the lapses, as per the Reserve Bank's findings, appropriate action would be taken.

श्री अमर सिंह: धन्यवाद, सभापति महोदय। इस बारे में मैं जरा हट कर एक सवाल पूछना चाहता हूं। इस पूरे प्रकरण में, जिसमें मीडिया के द्वारा कैश के जमा करने और निकालने का विस्तृत विवरण आया है, इसमें हमने Union Bank of India की एक विज्ञप्ति की देखी है। इस विज्ञप्ति में उन्होंने सारे ट्रांज़ैक्शन को सही ठहराया है। क्या यह सच है? अगर ट्रांज़ैक्शन सही है, तो भ्रष्टाचार क्या सिर्फ मीडिया में ही है?

SHRI PRANAB MUKHERJEE: Sir, what appears in the media, only media persons can explain, not me. I am here to explain the action of the Government. As to the question whether the transaction is genuine, or fake, whether it is of suspicious nature, whether it is linked with certain other criminal activities, unless the entire process of investigation is over, it is not possible for me to give any indication.

DR. K. MALAISAMY: Sir, in the reply, the hon. Minister has conceded that the RBI has observed certain weaknesses in the implementation of the Prevention of Money Laundering Act guidelines and certain suspicious transactions. So, as it is, the hon. Minister has conceded that

there are certain weaknesses in the RBI guidelines. In such a situation, have you thought of any foolproof measures to pinpoint such of those weaknesses and correct the system?

SHRI PRANAB MUKHERJEE: Sir, this is a constant exercise. Those who try to take advantage of the deficiencies and weaknesses, surely try to find out some weakness. Whenever these weaknesses are found out, those are being rectified. After all, it is known to the hon. Member and to everybody in the House that offences like counterfeiting of coins, counterfeiting of notes and other such financial irregularities are as ancient as civilization; it is universal, all over the world. Therefore, whenever these deficiencies are found out — we shall be dealing with that subject even in the next Question — corrective steps are taken. That is why, periodical inspections by the RBI and other authorities are taking place regularly.

MR. CHAIRMAN: Question No. 364.

Upgradation of Security Features on Currency Notes

*364. DR. N. JANARDHANA REDDY:††
SHRIMATI SHOBHANA BHARTIA:

Will the Minister of FINANCE be pleased to state:

(a) whether a Reserve Bank of India (RBI) appointed committee has recently stated that the Central Bank should upgrade security features on currency notes to check the growing menace of fake notes in the country;

(b) if so, the details of recommendations given by the Committee;

(c) whether the upgradation of security features on currency notes will directly impact on circulation of fake notes; and

(d) if so, the steps Government proposes to take in this regard?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) No, Sir.

(b) Does not arise.

(c) and (d) Security features of Bank Notes are up graded from time to time to make counterfeiting difficult. The security features were last upgraded in 2005. A Committee has been set up to review the acquisition procedure relating to security features for Indian bank notes and prepare a procurement manual in this regard. The upgraded security features are scheduled to be introduced in Indian Bank Notes from the year 2011-12.

DR. N. JANARDHANA REDDY: Sir, I don't know where the fault lies. Sir, the question was asked whether the Reserve Bank of India appointed committee has recently

††The question was actually asked on the floor of the House by Dr. N Janardhana Reddy.